

1301:9-2-13

**Compensation.**

(A) As a fiduciary a director:

- (1) Shall act for the benefit of the credit union;
- (2) Has a duty not to profit at the expense of the credit union;
- (3) Has a duty not to compete without the consent of the credit union;
- (4) Has a duty to make full disclosure to, and to operate fairly when engaged in transactions with, the credit union;
- (5) Must avoid all but arms-length transactions.

(B) All transactions, other than expenses reimbursement and employee wages, between the credit union and the members of the board of directors, committee members, employees, immediate family thereof or businesses controlled thereby shall be disclosed annually in writing to the superintendent and the board of directors and shall remain confidential.

(C) The board of directors shall adopt a travel and expense reimbursement policy. The policy and procedures shall, as a minimum, include:

- (1) Board resolution adopting policy and procedures;
- (2) Procedure for monitoring compliance with the policy and IRS guidelines, which shall include review by the credit union's accountant or audit committee;
- (3) Audit trail with hard copy available for review by examiners;
- (4) Criteria for reimbursement;
- (5) If the policy is abused, reimbursement to the credit union by the individual or other options as defined per credit union policy; and
- (6) Safety and soundness considerations.

(D) For purposes of this rule, if authorized by the board of directors and pursuant to internal revenue service guidelines, reimbursement for guest expenses is not considered compensation.

Five Year Review (FYR) Dates:

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Certification

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Date

Promulgated Under:	119.03
Statutory Authority:	1733.41
Rule Amplifies:	1733.22
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